

Town of Sterling

FY2024 Budget and Capital Plan

March 2023

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Town Administrator

Select Board

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FY2024 Budget Process

November 2022	Capital Requests sent to TA
December	CBC meets/reviews with Depts on Requests
January	Department Budgets due to TA TA/Town Acct review requests ATM Warrant Opens Budget distributed to FC
February	FinCom & CBC make recommendations Call Departments for meetings on budget/capital requests
March	Final deadline for ATM articles CBC/FinCom make Final recommendations Presentation of Warrant/Budget to Select Board
April	Print/Post Warrant, Send Warrant to Counsel
May	May 1 – ATM, May 8 – Town Election

Municipal Budgeting

Tax Levy

What is a Levy?

The property tax levy is the revenue a community can raise through real and personal property taxes. In Massachusetts, municipal revenues to support local spending for schools, public safety and other public services are raised through the property tax levy, state aid, local receipts and other sources. The property tax levy is the largest source of revenue for most cities and towns.

Information from: <https://www.mass.gov/doc/levy-limits-a-primer-on-proposition-2-12-0/download#:~:text=A%20levy%20limit%20is%20a,sonal%20prperty%20in%20the%20community>.

Tax Levy

The levy ceiling is determined by calculating 2.5 percent of the total full and fair cash value of taxable real and personal property in the community:

Full and Fair Cash Value x 2.5% = LEVY CEILING

Full and Fair Cash Value = \$100,000,000

\$100,000,000 x 2.5% = \$2,500,000

In this example, the levy ceiling is \$2,500,000.

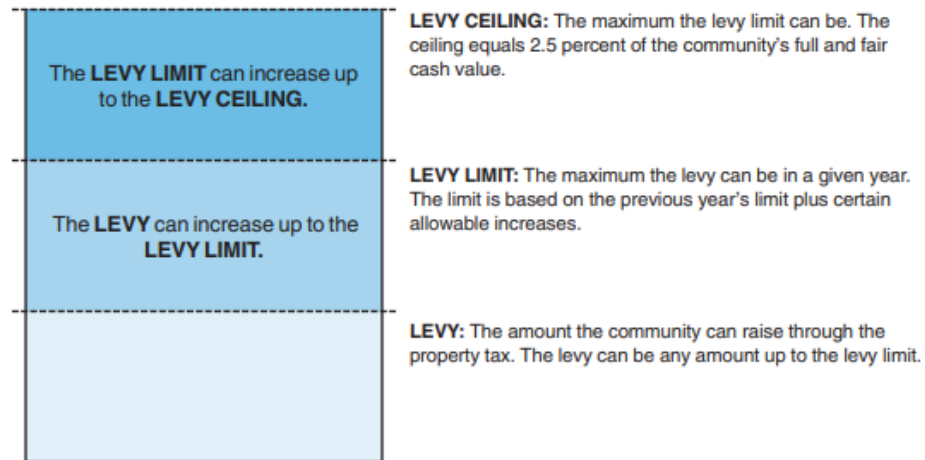


Figure 1

How Is a Levy Limit Increased?

The levy limit is increased from year to year as long as it remains below the levy ceiling. Permanent increases in the levy limit result from the following:

Automatic 2.5 percent increase. Each year, a community's levy limit automatically increases by 2.5 percent over the previous year's levy limit. This does not require any action on the part of local officials; the Department of Revenue calculates this increase automatically.

New Growth. A community is able to increase its levy limit each year to reflect new growth in the tax base. Assessors are required to submit information on growth in the tax base for approval by the Department of Revenue as part of the tax rate setting process. New growth is discussed on page 8.

Overrides. A community can permanently increase its levy limit by successfully voting an override. The amount of the override becomes a permanent part of the levy limit base. Overrides are discussed on page 9.

Please note: Debt exclusions, capital outlay expenditure exclusions and overrides are all often referred to as "overrides" and enable a community either to permanently increase its levy limit or temporarily levy above its levy limit or levy ceiling. This primer makes a distinction between an override and a debt or capital outlay expenditure exclusion, because there is a significant difference in the impact of each on a community's levy limit. An override enables a community to permanently increase its levy limit, while an exclusion only allows for a temporary increase in taxes over a community's levy limit. Overrides, debt exclusions and capital outlay expenditure exclusions are discussed in greater detail in other sections of this primer.

In summary, the levy limit can increase from year to year in these ways: automatic 2.5 percent increase, new growth and overrides. Once the levy limit is increased in any of these ways, the increased levy limit amount becomes the base upon which levy limits are calculated for future years. See *Figure 3*.

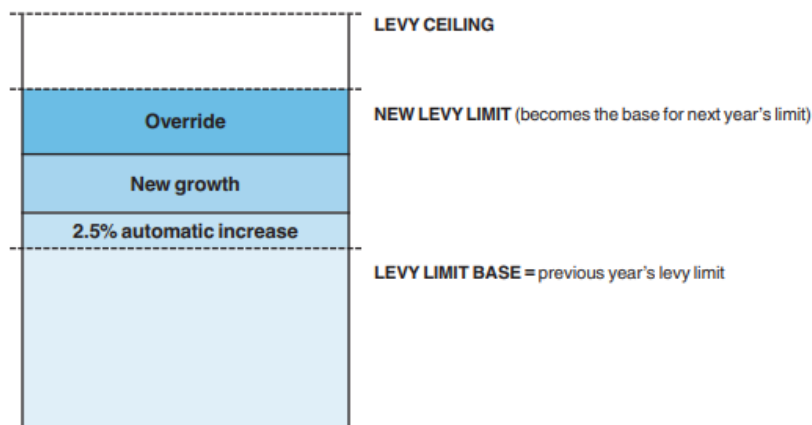
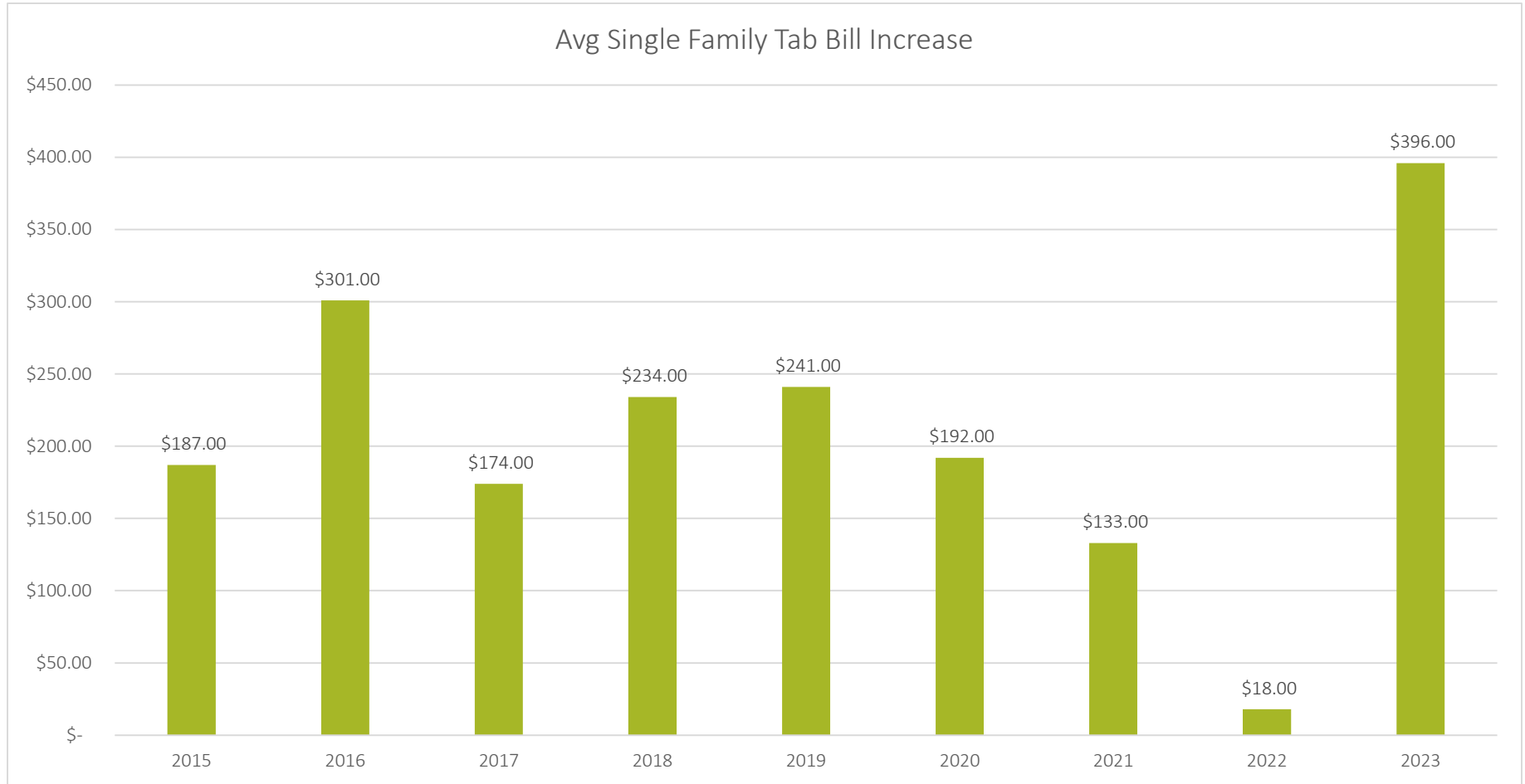


Figure 3

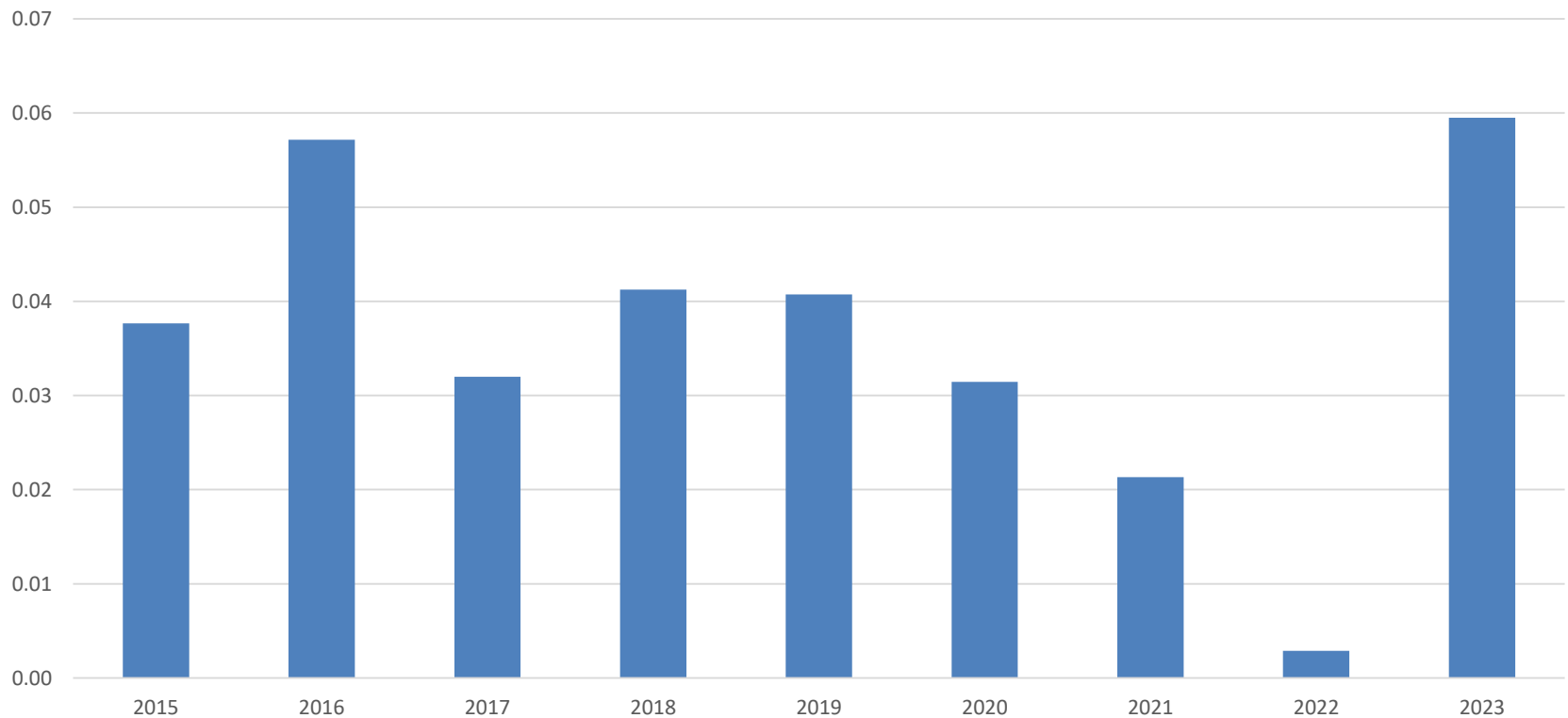
Levy Increase

Omnibus Budget 2020	\$19,848,428.60	2.4%
Omnibus Budget 2021	\$20,331,571.49	0.6%
Omnibus Budget 2022	\$20,444,413.08	5.7%
Omnibus Budget 2023	\$21,681,348.92	5.7%
Omnibus Budget 2024	\$22,892,491.00	5.3%
Five Year Average		3.94%

Average Single Family Tax Bill Increase



Tax Bill Increase By Percent



What is Property Tax

Each year, local assessors in every city and town in Massachusetts have a constitutional and statutory duty to assess all property at its full and fair cash value under Massachusetts General Law. As of each January 1st, local assessors must classify all real property according to use into one of four classes:

Residential

Open space

Commercial

Industrial

*Personal Property is a separate category

Historical Tax Rate

Fiscal Year	Residential	Commercial	Industrial	Personal Property
2014	16.93	16.93	16.93	16.93
2015	17.29	17.29	17.29	17.29
2016	18.33	18.33	18.33	18.33
2017	18.03	18.03	18.03	18.03
2018	17.54	17.54	17.54	17.54
2019	17.27	17.27	17.27	17.27
2020	16.81	16.81	16.81	16.81
2021	16.52	16.52	16.52	16.52
2022	15.25	15.25	15.25	15.25
2023	14.30	14.30	14.30	14.30

2023 Impacts

Tax Impacts Fiscal year 2023 residential valuations have increased approximately 6.49% from last year, reflecting a positive real estate market. The average residential tax bill calculation will change as follows:

FY 2022 Average Single-Family Valuation: \$410,400

Taxes at \$15.25 per thousand \$6,259

FY2023 Average Single-Family Valuation: \$465,400

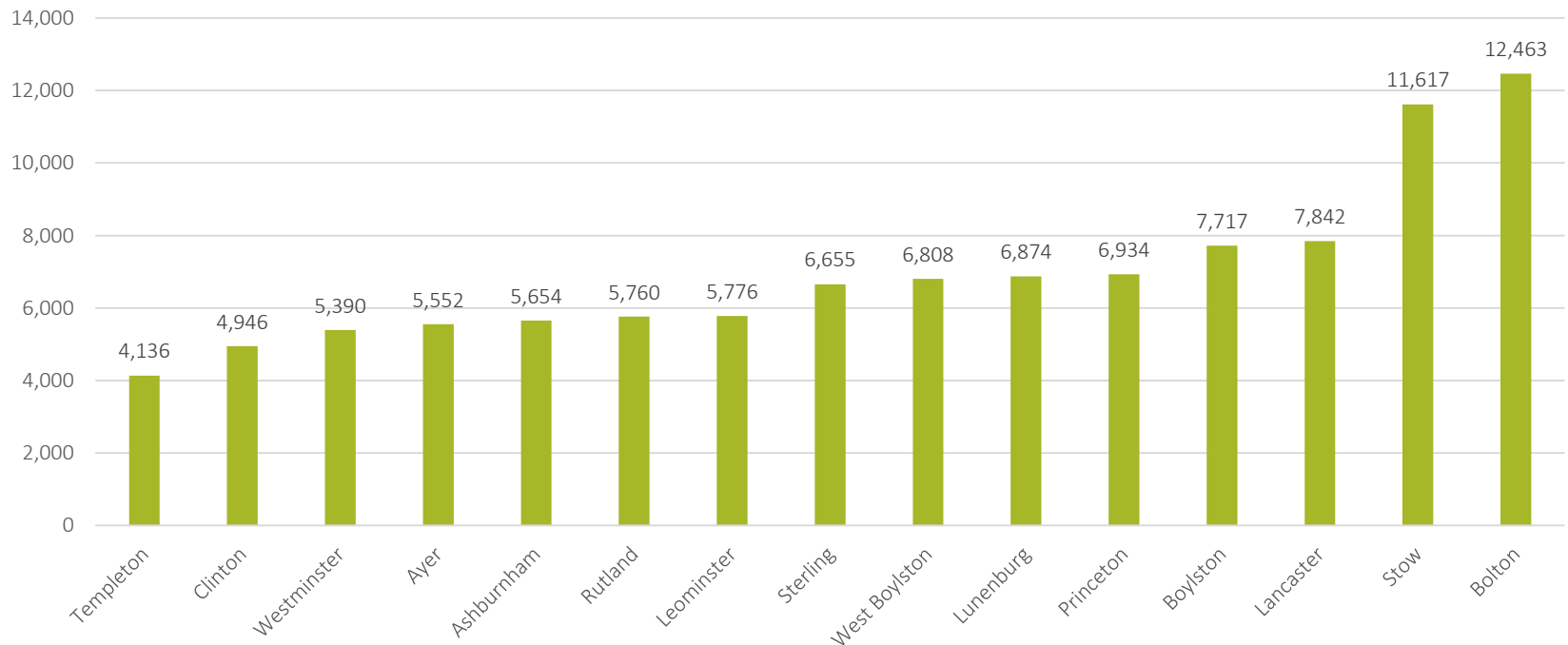
Taxes at \$14.32 per thousand \$6,665

Average Value Increase \$55,000/13.40%

FY2023 Comparison Communities

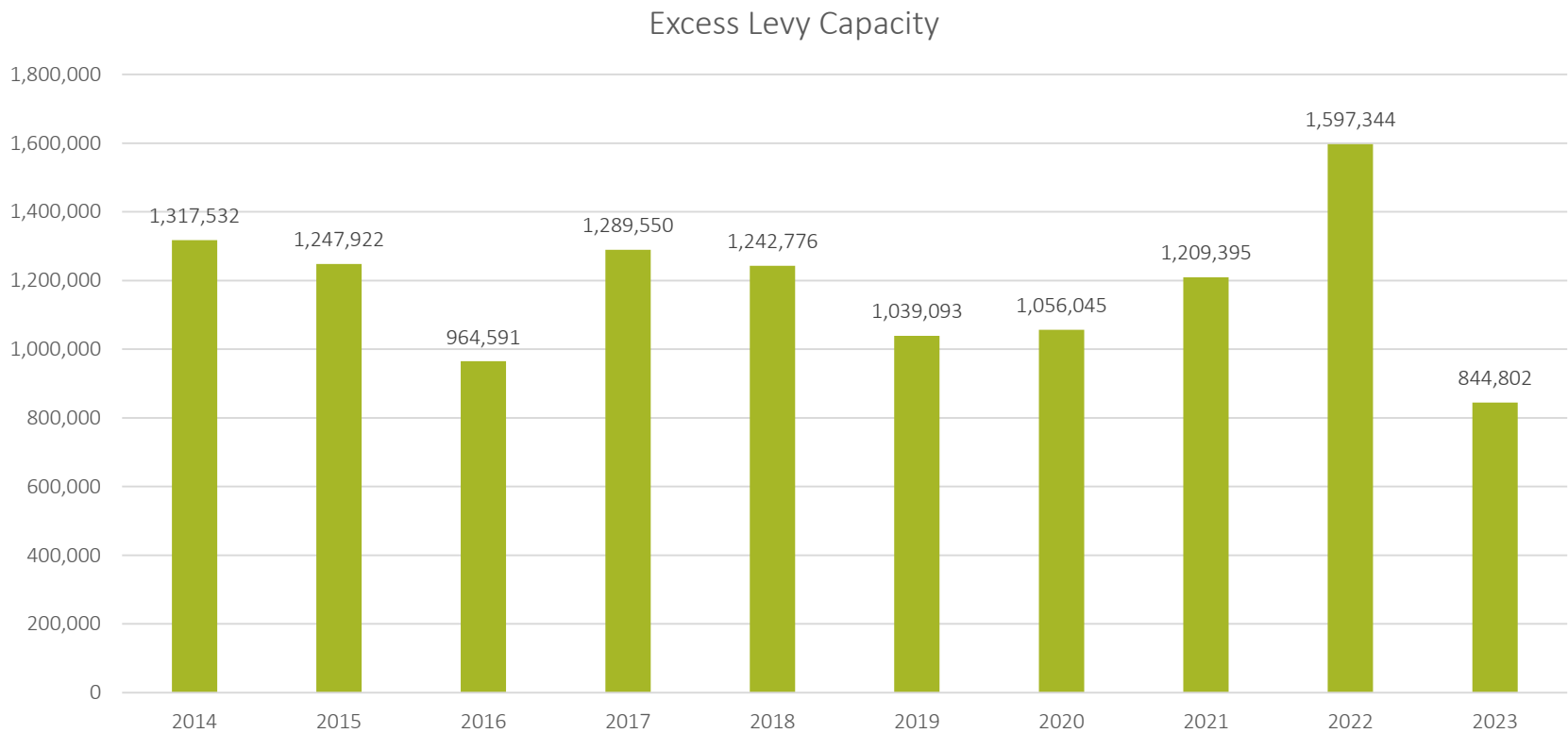
Average Single Family Tax Bill

Avg Single Family Tax Bill FY23



Clinton – split tax rate

Excess Levy Capacity



Budget Items Outstanding

Union Contracts

Estimated Increases

	FY2023 % Increase	FY2024 % Increase	FY2024 \$ Increase
Town Budgets	10.53%	3.71%	\$475,899
School Budgets	3.37%	4.61%	\$652,933
Worcester Regional Retirement	10.83%	2.74%	\$30,436
Insurance	10.28%	9.01%	\$159,093

Salary/Wages Increases

Department	Position
Accountant	Town Accountant/Operations Mgr – 40hrs Combine lines of Accountant, Finance Assistant, Operations Mgr
Planner	Town Planner – 36 Hours Combine the lines of Planner Wages and Planner Salary

Salary/Wages Increases

Department	Position
Facilities	Seeking to share services with the Town of West Boylston
Fire Department	New CBA being negotiated
Police – Communications	New CBA being negotiated

Expenses

Department	Budget Item
COA	Increase in operational costs – fuel, oil, electricity
DPW	Include Cemetery Roads to Expense Budget
Information Technology	Software subscriptions, IT support, email hosting, etc.

Expenses

Department	Budget Item
Insurance	10.5% for MIIA -6% Dental 5.7% General Liability
Library	Compliance/Certification
Debt Service	New Debts borrowed

Managing Reserves

Reserve Summary

Free Cash & Stabilization Fund Reserve Summary				
	Current Balance	ATM 2023 Expenses	ATM 2023 Transfers	Ending Balance
Free Cash certified 7/1/22	\$ 2,020,498.00	\$ (1,874,200.00)		\$ 146,298.00
Water Retained Earnings	\$ 670,812.00	\$ (400,000.00)		\$ 270,812.00
Capital Stabilization	\$ 3,033,338.47	\$ (915,000.00)	\$ 550,000.00	\$ 2,668,338.47
OPEB	\$ 1,133,258.01	\$ -	\$ 250,000.00	\$ 1,350,258.01
Stabilization	\$ 921,526.00	\$ -	\$ 217,000.00	\$ 1,171,526.00
Totals	\$ 7,779,432.48	\$ (3,227,900.00)	\$ 1,050,000.00	\$ 5,601,532.48

Free Cash Utilization

	Appropriated	Closed out from previous FY
For FY24*	\$ 1,874,200.00	\$ 2,020,498.00
For FY 23	\$ 1,212,239.82	\$ 1,240,704.00
For FY 22	\$ 1,049,616.06	\$ 1,162,447.00
For FY 21	\$ 635,202.29	\$ 973,846.00
For FY 20	\$ 791,220.77	\$ 1,044,725.00

* Not yet voted

Stabilization Fund Goal

	Current Amount	Current % of Budget	Proposed Balance
Free Cash	\$2,020,498.00	7.68%	
Stabilization	\$921,526.00	2.81%	\$1,151,726

OPEB Liability

	Current Amount	Proposed Balance
OPEB	\$1,133,258.01	\$1,383,258.01

Capital Investment Fund

	Current Amount	Proposed Balance
CIF	\$3,033,338.47	\$3,433,338.47

Capital Plan

FY2024 Proposed Capital Budget

Item Number	Department	Request	Cost	Funding Source
1	Facilities	Extraordinary Maintenance - TH Wiring, sprinkler compliance	\$40,000	FC
2	Facilities	Butterick Windows	\$80,000	CIF
3	Library	Security Cameras	\$29,000	FC
4	Fire	Additional Apparatus Cost	\$25,000	FC
5	Fire	HVAC/Mini-Split Day Room	\$20,000	FC
6	Fire	Jaws of Life – Ladder 1	\$16,000	FC
7	Fire	Attack Hose and Nozzle	\$35,000	FC
8	Fire	Ambulance 1 Replacement	\$400,000	CIF
9	Police	Radio Licenses	\$10,000	FC
10	Police	Squad Room Renovation	\$30,000	FC
11	Police	New computers	\$5,000	FC
12	DPW	Truck 8 rehab	\$10,000	FC

FY2024 Proposed Capital Budget

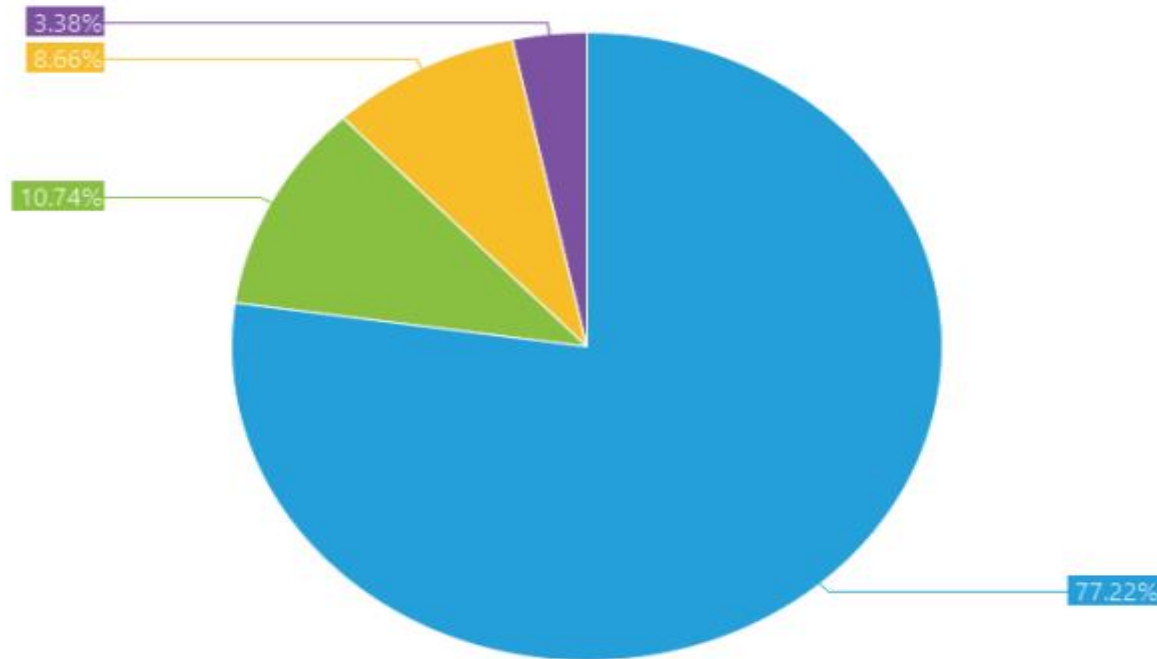
Item Number	Department	Request	Cost	Funding Source
13	DPW	Truck 5 Replacement	\$70,000	CIF
14	DPW	Truck 9 Replacement	135,000	CIF
15	DPW	Road Plates	\$10,000	FC
16	DPW	New DPW Facility Feasibility Study	\$50,000	CIF
17	DPW	Wide Area Mower	\$80,000	CIF – \$50k CLS – \$30K
18	DPW	Wheeled Excavator	\$75,000	SUE – \$40K CLS – \$15K FC - \$20K
19	DPW	Route 62/140 90% Design	\$335,000	FC
20	OSIC	Trail Maintenance	\$6,000	FC
21	Hist. Comm.	Historic Gravestone Repair	\$8,000	FC
22	Schools	School Security – Fob access and cameras	\$100,000	CIF
23	Town Clerk	Election Equipment	\$15,000	FC

FY2024 Proposed Capital Budget

Item Number	Department	Request	Cost	Funding Source
24	Recreation	Aeravator/Seeder	\$16,000	FC
25	Admin	E.Lake Washacum Treatment	\$19,000	FC
26	Admin	Wachusett Greenways	\$1,600	FC
27	Admin	Sterling Land Trust	\$1,600	FC
28	Admin	Grant Match/Engineering	\$30,000	CIF
29	Fair Cmte	Insurance	\$30,000	FC

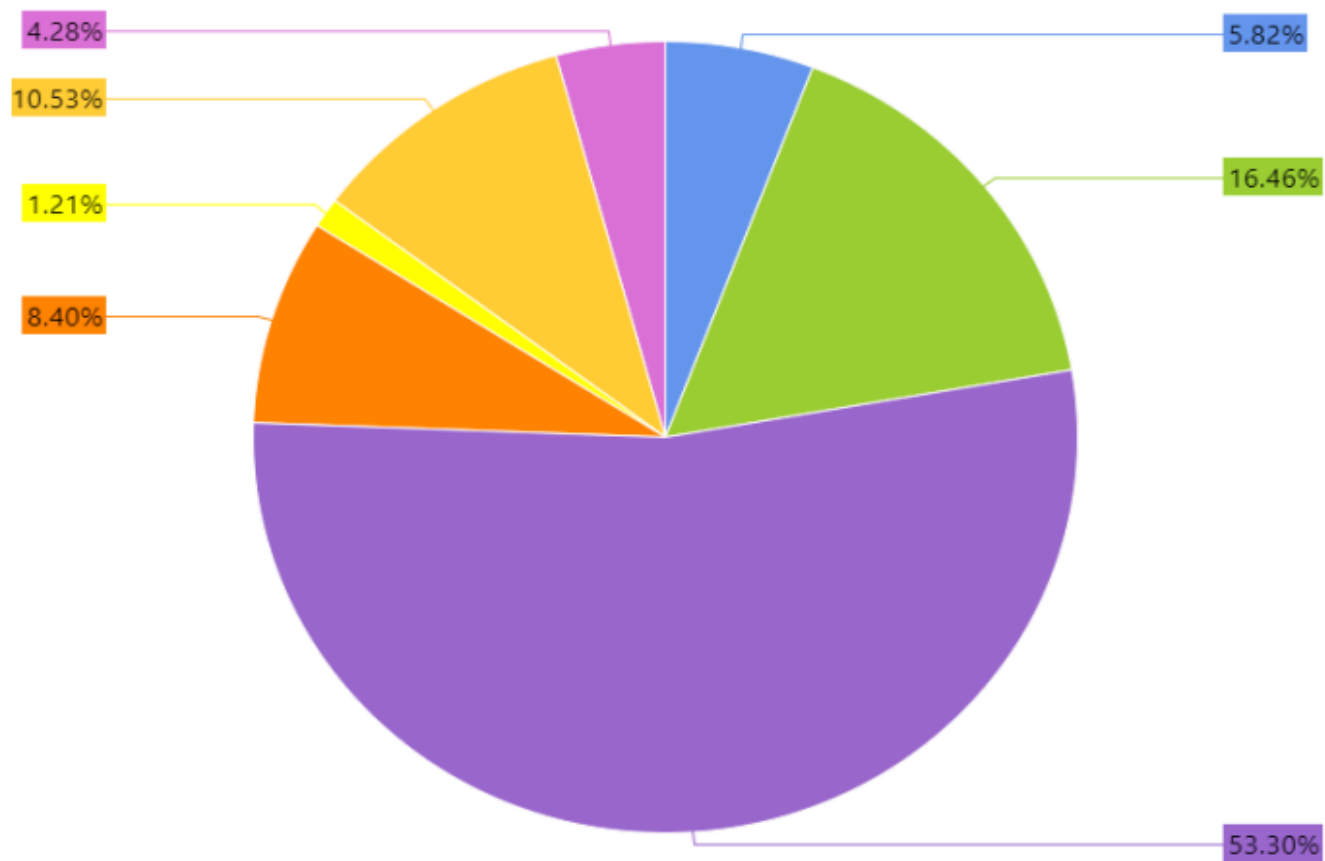
Revenue and Expense Summary

Town of Sterling



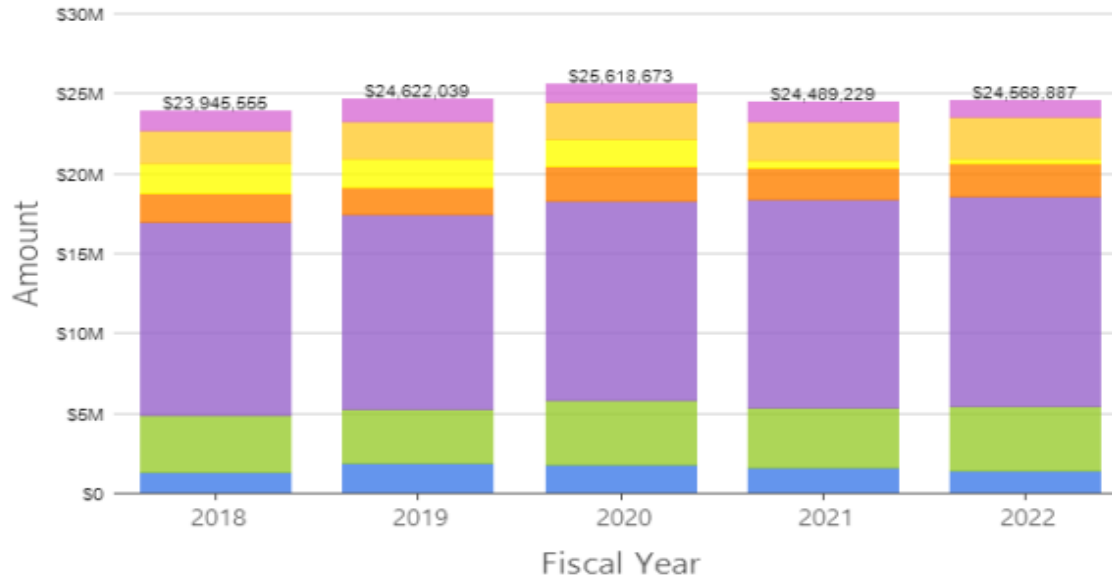
Revenue Class	Total Revenues	Percent of Total Revenues
Tax Levy	\$21,681,349	77.23%
State Aid	\$947,547	3.38%
Local Receipts	\$3,014,759	10.74%
All Other	\$2,430,382	8.66%
Total Receipts	\$28,074,037	100%

Town of Sterling FY2022



General Government Public Safety Education Public Works GF Debt Service
Unclassified Other

Town of Sterling



■ General Government
 ■ Public Safety
 ■ Education
 ■ Public Works
 ■ GF Debt Service
 ■ Unclassified
 ■ Other

Fund	2018	2019	2020	2021	2022
General Government	1,330,351	1,909,619	1,773,190	1,619,940	1,429,233
Public Safety	3,504,331	3,317,471	3,994,709	3,747,300	4,044,668
Education	12,180,536	12,178,180	12,546,716	12,998,659	13,096,987
Public Works	1,761,417	1,729,445	2,123,483	1,933,861	2,063,632
GF Debt Service	1,879,916	1,797,239	1,700,435	513,935	297,040
Unclassified	2,042,779	2,279,857	2,308,912	2,425,925	2,586,317
Other	1,246,225	1,410,228	1,171,228	1,249,609	1,051,010
Fiscal Year Totals	23,945,555	24,622,039	25,618,673	24,489,229	24,568,887